

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7571**

**BILL NUMBER:** HB 1863

**DATE PREPARED:** Feb 21, 2001

**BILL AMENDED:** Feb 20, 2001

**SUBJECT:** State Contracting Practices.

**FISCAL ANALYST:** John Parkey

**PHONE NUMBER:** 232-9854

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill requires the Governor's Commission on Minority Business Development, the State Lottery Commission, and an owner of a riverboat license to establish annual goals for the utilization of minority and women's business enterprises derived from a statistical analysis of contracts. The bill requires the analysis to be updated every five years. The bill requires the Department of Administration to conduct a biennial study to determine whether, during the previously concluded two year period, the goals have been met. The bill requires the Department to adopt rules to require that not fewer than 12% of contracts be awarded to minority business enterprises and not fewer than 7% of contracts be awarded to women's business enterprises if the goals have not been met. The bill increases the size of the Governor's Commission on Minority Business Development from 14 members to 17 members. The bill requires the Department of Administration to adopt rules of ethics for Commission members who are not legislators. The bill provides that the definition of "minority" includes certain groups specified in federal regulations. The bill requires the Department of Administration to adopt size standards based on federal regulations.

The bill also makes technical changes.

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** (Revised) The Department of Administration's administrative cost could increase if studies reveal the contracting goals have not been met. Any increase in these costs is expected to be covered using existing staff and resources.

The bill may also increase the administrative costs of the State Lottery Commission in so far as they will be required to set goals and assess its utilization of minority and business enterprises. Any increase in the Commission's costs is expected to be covered using resources currently available to the Commission.

The impact of this bill on the *contracting* costs of state agencies, political bodies, state educational

institutions, the State Lottery Commission, and the State Office Building Commission is indeterminable. It is unknown whether contacted services from minority or women business enterprises are any more or less expensive than services contracted from other business enterprises.

The bill adds three members, appointed by the Governor, to Governor's Commission on Minority and Women's Business Enterprises. Members of the Commission are entitled to receive a per diem (currently \$50) and to be reimbursed for travel costs. The total cost of this provision will be determined by the number of meetings held.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Administration; state educational institutions; State Lottery Commission; other political bodies.

**Local Agencies Affected:**

**Information Sources:** Jay McQueen, Department of Administration, (317) 232-7636